

# Metaverse market set for rapid growth through 2028, despite setbacks

Article

**The news:** The **metaverse** is still happening, and it's going to be big. Really.

The global market is set to expand rapidly to **\$54.50 billion by 2028** from \$17.5 billion in 2023, with a compound annual growth rate (CAGR) of 25.5%, per S&P Global.

**Still a believer:** That size helps explain why **Meta** hasn't given up on its ambitions for the space.

- The company is hiring an executive to lead AI-metaverse integration; it plans to **spend up to \$40 billion on AI** this year to enhance metaverse content and features, per Coingeek.
- In a related move, Meta will allow children ages 10 to 12 to join virtual reality chats and calls under parental supervision, allowing preteens to interact with approved contacts and join multiplayer experiences.
- This comes shortly after Meta announced its Horizon OS will be **available to third-party AR/VR hardware manufacturers** in an effort to expand its presence in the mixed reality space and emulate **Google's** Android strategy to dominate the market.

**Virtual goods, concrete value:** Meanwhile, metaverse pioneer **Infinite Reality (iR)** has raised \$350 million and acquired **Landvault**, a game developer that has worked with **Red Bull, Hershey, Heineken, and Mastercard**, for \$450 million. The acquisition boosts iR's valuation to \$5.1 billion.

- **That's far from the only recent move in this space;** in February, Disney **invested \$1.5 billion into Epic Games** to create a persistent, live-service video game involving its media properties, signaling a significant move into the gaming and metaverse arena.
- In January, **Walmart** **partnered with Unity** to integrate commerce APIs into games and apps, allowing users to purchase physical goods within the virtual world.

**Zoom out:** The metaverse's growth will be fueled by a combination of social gaming, digital twin services, remote collaboration applications, and advancements in augmented and virtual reality hardware.

- That said, gaming hubs **like Roblox** and **Fortnite** are playing pivotal roles in metaverse growth. These hubs are expected to improve their virtual commerce and advertising capabilities over the next few years.
- While the market for AR and VR headsets has been sluggish, it is anticipated to rebound with new product launches like the **Apple Vision Pro** and Meta Quest 3.

**Yes, but:** Much of the metaverse's potential (for now) may not be tied to marketing applications. Businesses are leading the charge by investing heavily in digital twins and remote collaboration tools more than consumers.

And given the recent concerns tied to social media's impact on the mental health of younger consumers, Meta's push to put younger people in its metaverse may be ill-timed.

**Our take:** The convergence of AI and the metaverse holds immense potential, but it also demands careful consideration of ethical and safety implications, especially for younger users.

Balancing innovation with responsibility will be crucial as these technologies continue to evolve.

***Go further:*** Read our new report on how [AR and VR Are Reshaping the Future of Consumer Engagement](#).

**Future Channels Used for Marketing by CMOs and Executives Worldwide to Engage With Customers, by Frequency, Oct 2023**

% of respondents

	Will use it frequently in the next 2-3 years	Will use it occasionally in the next 2-3 years	Won't use it in the next 2-3 years	Can't say/don't know
Social	46%	31%	3%	20%
Direct messaging	45%	32%	4%	20%
Voice search optimization	45%	33%	5%	16%
Chatbots and AI-driven customer support	43%	33%	6%	19%
The metaverse	39%	33%	5%	23%
AR/VR	37%	31%	10%	21%

Note: n=1,800; numbers may not add up to 100% due to rounding  
Source: Capgemini, "Generative AI and the Evolving Role of Marketing: A CMO's Playbook," Dec 11, 2023

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